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Order 99-2-21



UNITED STATES OF AMERICA
DEPARTMENT OF TRANSPORTATION
OFFICE OF THE SECRETARY
WASHINGTON, D.C.

SERVED FEB 25 1999

Issued by the Department of Transportation
on the **22nd day of February, 1999**

Essential air service at

**OTTUMWA, IOWA
STERLING/ROCK FALLS, ILLINOIS**

under 49 U.S.C. 41731 *et seq.*

**Dockets 42911 and
OST-1996-1247 - 25**

ORDER

Summary

By this order, the Department is tentatively terminating the subsidy-eligibility of Sterling/Rock Falls, Illinois, and setting a short-term subsidy rate for Great Lakes Aviation, Ltd., d/b/a United Express (Great Lakes) to provide subsidized service at Sterling/Rock Falls and Ottumwa, at the annual subsidy rate of **\$1,058,514**, from October 1, 1998, until the carrier terminates its service at Sterling/Rock Falls. The Department is also tentatively reselecting Great Lakes to provide subsidized essential air service at Ottumwa, Iowa, at an annual subsidy rate of \$380,039, from the date that service at Sterling is terminated through March 31, 2001, and requesting competing proposals to provide essential air service at Ottumwa from other interested carriers.

Background

By Order 97-1-14, January 15, 1997, the Department authorized an **annual** subsidy rate of \$764,142 for Great Lakes to provide essential air service at **Ottumwa** and Sterling/Rock Falls, consisting of 10 round trips a week from each community to Chicago O'Hare Airport, with **19-seat** Beech 1900 aircraft. Subsequently, we amended the authorization to provide additional subsidy for weekend service. The current rate of \$916,970 expired September 30, 1998.

Under current eligibility criteria the Department is prohibited from subsidizing service at communities where subsidy amounts to more than \$200 per passenger, unless they are more than **210 highway miles** from a large or medium hub.¹ For the most recent **12-month** period, i.e., that ended December 31, 1998, Sterling/Rock Falls' subsidy exceeded \$200 per passenger.

¹ **Sterling/Rock Falls** is 106 miles from a large hub airport at Chicago.

Decision

Because **Sterling/Rock Falls'** subsidy per passenger has exceeded \$200 over the past 12-month period, we find that it is **ineligible** for **continued subsidy support** and we have **tentatively decided to terminate** Great Lakes' subsidy rate for **serving the community effective within 45 to 60 days** after the Service date of this order. **In reaching this decision**, we also reviewed **subsidy** and service at **Sterling/Rock Falls** over the **last decade**,

From **October 1986 until May 1990** **Sterling/Rock Falls** was served by **Propheter Aviation** with **subsidy support**. **Propheter's traffic ranged between** only one and three **passenger enplanements** a day. In May 1990 Great Lakes **replaced Propheter** and served the **community nonstop** on linear routings that **variously included a number of upline communities -- Waterloo, Mason City, Fort, Dodge, Spencer and Ottumwa**. Initially Great Lakes was able to operate that **itinerary without subsidy support** by **virtue of traffic generated between** the other **upline communities** and O'Hare. **Sterling/Rock Falls' traffic however, remained very low, again ranging from one passenger a day to a high of only 3.7 a day in 1994**. (See **Appendix C** for **historical traffic**.)

In April 1996 Great Lakes **filed notice of intent to suspend its service to Sterling/Rock Falls**. The **Department subsequently established a subsidy rate** for Great Lakes to **continue** to serve the **community**, but traffic **further declined to an average** of no more than two **passenger enplanements per day through the fourth quarter of 1998**.

We **recognize** that **Sterling/Rock Falls experienced** service **difficulties** during the **1996-97 period**. For most of 1996 until **October 1997** it received **only ten round trips** a week as a **consequence** of reduced **Essential Air Service program funding**. It also suffered a **complete hiatus in service from May 16 to August 17, 1997**, when Great Lakes **temporarily suspended operations system wide**.

Notwithstanding these **drawbacks, however**, it is clear that **Sterling/Rock Falls' traffic-generating potential is very limited**, and **prospects for its traffic to increase to statutorily sufficient levels appear remote**. To **illustrate that conclusion**, under Great Lakes' **currently effective subsidy rate for combined services at Sterling/Rock Falls and Ottumwa**, with half of the **subsidy assigned to each community**, **Sterling/Rock Falls would have to generate 2,293 passengers in order for the subsidy-per-passenger to be less than \$200**. **Sterling/Rock Falls has generated that level of traffic only once since 1985**, and traffic for the most recent year was **487 passengers**. **Thus, in order to attain subsidy-per-passenger of less than \$200, the community would have to generate more than four times its most recent level**, and there is **no realistic basis to expect it to be able to do so**. **Moreover, in addition to the statutory consideration explained above, we note that Sterling/Rock Falls is not an isolated community -- it is located 59 highway miles from Moline, Illinois, which receives nonstop jet service to Chicago O'Hare, as well as to many other destinations**. The **availability of that attractive alternative undoubtedly draws away from the demand for commuter service at Sterling/Rock Falls and substantially lessens the practical justification for subsidy support for such service**.

Based on all of the above, we have tentatively decided to terminate Sterling/Rock Falls' subsidy eligibility.

Consistent with past practice, we will give the community 20 days to object if it finds that we have made a mistake in any of our calculations. Interested carriers, including Great Lakes, may of course provide scheduled service at Sterling/Rock Falls at their own initiative; our action here simply makes Sterling/Rock Falls ineligible to receive subsidized air service. In order to allow for an orderly shutdown of service, we will continue to subsidize Great Lakes for 45 to 60 days after the service date of this order.

Recall of O'Hare Slots Assigned to Great Lakes

By a series of orders and slot trades, the net effect is that Great Lakes is currently assigned six O'Hare slots to provide service at Sterling/Rock Falls and Ottumwa and is using **only** four slots to serve Sterling and Ottumwa on a linear **routing**.² When Great Lakes' subsidized service at Sterling/Rock Falls is terminated, the carrier will continue to need four slots for its Ottumwa-O'Hare service. Thus, we direct the Federal Aviation Administration to withdraw two slot exemptions and to work with Great Lakes to identify which two slot exemptions will be withdrawn.

Proposals for Ottumwa

In conjunction with the September 30, 1998, expiration date for its previously established subsidy rate, Great Lakes proposed to provide two round trips each weekday and weekend period over the routing Ottumwa-Sterling/Rock Falls-Chicago O'Hare and return, with **19-seat** Beech 1900 aircraft, for the period beginning October 1, 1998, until service at Sterling/Rock Falls is terminated. As a result of discussions with Department staff, the carrier agreed to an annual subsidy rate of **\$1,058,514** for this **service**.³ In addition, in anticipation of the termination of Sterling/Rock Falls' subsidy eligibility, Great Lakes also proposed to provide two round trips each weekday and weekend period over the routing **Ottumwa-Burlington-Chicago O'Hare**, with **19-seat** Beech 1900 aircraft, beginning when subsidy at Sterling/Rock Falls is terminated through March 31, 2001, at an annual subsidy rate of \$380,039 for this **service**.³

After a thorough review of Great Lakes' proposals, we have decided to set a subsidy rate for Great Lakes' service **to** Ottumwa and Sterling/Rock Falls for the period beginning October 1, 1998, **until** service at Sterling/Rock Falls is terminated, at the agreed subsidy rate of **\$1,058,514**. We have also tentatively decided to select Great Lakes to serve Ottumwa **from** the date that subsidy at Sterling/Rock Falls is terminated through March 31, 2001, at a subsidy rate of \$380,039. The rates appear reasonable for the service to be provided, and Great Lakes' performance continues **to** be satisfactory.

² See Orders **85-10-44**, October 11, 1985, **86-6-39**, June 26, 1986, and 90-7-46, July 19, 1990.

³ Appendix B contains details of Great Lakes' compensation requirement.

Carrier fitness

49 U.S.C. 41737(b) and 41738 require that we find an air carrier fit, willing and able to provide reliable service before we may compensate it for providing essential air service. We last found Great Lakes fit to provide scheduled passenger service as a commuter air carrier by Order 99-I-15, January 29, 1999, in connection with its essential air service at Fairmont, Minnesota, Brookings and Yankton, South Dakota, Devils Lake and Jamestown, North Dakota, and Norfolk, Nebraska. Since then, the Department has routinely monitored the carrier's continuing fitness, and no information has come to our attention that would lead us to question its ability to operate in a reliable manner. The Federal Aviation Administration has advised us that the carrier is conducting its operations in accordance with its regulations, and knows of no reason why we should not find that Great Lakes remains fit,

Objections or Proposals

Regarding Ottumwa, as usual we will allow interested parties 20 days to object to our decision and/or to file competing proposals. If no timely objections or competing proposals are filed this order will automatically become final. We expect persons objecting to our tentative decision to support their objections with relevant and material facts. We will not entertain general, vague, or unsupported objections.

Carriers interested in filing competing proposals, with or without subsidy requests, should file them within the 20-day period set for objections. At the end of that period, our staff will docket any competing proposals, thereby making them public, and direct each carrier to serve a copy of its proposal on the civic parties and other applicants. Each applicant, including the incumbent, will then have an opportunity to finalize its proposal in rate discussions with Department staff before we seek final community comments. We will give full consideration to all proposals that are timely filed. As a general matter, we request proposals that would provide at least two round trips a day from Ottumwa to Chicago, or any other suitable hub, with twin-engine aircraft operated by two pilots. All carriers submitting proposals to provide service to O'Hare should indicate whether they have slots to provide the service proposed or would need to secure additional slots.

Procedures for filing Competitive Proposals

For interested carriers unfamiliar with our procedures and recommended form for supplying the necessary information, we have prepared two explanatory documents that we will make available upon request. The first describes the process for handling carrier replacement cases under 49 U.S.C. 41734(f), and discusses in detail the process of requesting proposals, conducting reviews of applicants, and selecting a replacement carrier. The second is an evidence request containing an explanatory statement, a copy of Part 204 of our regulations (14 CFR 204), and schedules setting forth our recommended form for submitting data required for calculating compensation and determining the financial and operational ability of applicants to provide reliable essential air service. (Section 204.4 describes the fitness information required of all applicants for authority to provide essential air service.) Applicant carriers that have already submitted this information in another case need only resubmit it if a substantial change has occurred. However, if there are more recent data or if there have been any

changes to the information on file, carriers should provide updates of those information elements. Interested carriers that need to obtain copies of these documents may contact the Office of Aviation Analysis at (202) 366-1053.

Other Carrier Requirements

The Department is responsible for implementing various Federal statutes governing lobbying activities, drug-free workplaces, and nondiscrimination.³ Consequently, all carriers receiving Federal subsidy to support essential air service must certify that they are in compliance with Department regulations regarding drug-free workplaces and nondiscrimination, and those carriers whose subsidies exceed \$100,000 over the life of the rate term must also certify that they are in compliance with the regulations governing lobbying activities. All carriers that plan to submit proposals involving subsidy should submit the required certifications along with their proposals. Interested carriers requiring more detailed information regarding these requirements as well as copies of the certifications should contact the Office of Aviation Analysis at (202) 366-1053. The Department is prohibited from paying subsidy to carriers that do not submit these documents.

Community and State Comments

If we receive competing proposals, the community and State are welcome to submit comments on the proposals at any time. Early in the proceeding, comments on the proposals' strengths and weaknesses would be particularly helpful, and the civic parties may also express a preference for a particular carrier, if they choose. In any event, after conducting rate conferences with all applicants, we will provide a summary of the conference results to the civic parties and ask them to file their final **comments**.⁴

This order is issued under authority delegated in 49 CFR 1.56a(f).

ACCORDINGLY,

1. We tentatively terminate the subsidy-eligibility of Sterling/Rock Falls, Illinois, effective within 45 to 60 days after the service date of this order;
2. We will establish a 20day period following the date of service of this order for interested persons to object to the termination of Sterling/Rock Falls' subsidy-eligibility;

³ The regulations applicable to each of these three areas are (1) 49 CFR Part 20, New Restrictions on Lobbying, implementing title 3 1, United States Code, section 1352, entitled "Limitation on use of appropriated funds to influence certain Federal contracting and financial transactions"; (2) 49 CFR Part 29, Subpart F, Drug-Free Workplace Requirements (Grants), implementing the Drug-Free Workplace Act of 1988; and (3) 49 CFR Part 2 1, Nondiscrimination in Federally-Assisted Programs of the Department of Transportation -- Effectuation of Title VI of the Civil Rights Act of 1964; 49 CFR Part 27, Nondiscrimination on the Basis of Handicap in Programs and Activities Receiving or Benefiting **from** Federal Financial Assistance; and 14 CFR Part 382, Nondiscrimination on the Basis of Handicap in Air Travel.

⁴ In cases where a carrier proposes to provide essential air service without subsidy and we determine that service can be reliably provided without such compensation, we do not normally hold rate conferences. Instead, we rely on the carrier's subsidy-free service as proposed.

3. We will allow Great Lakes Aviation, Ltd., d/b/a United Express, to suspend its service at Sterling/Rock Falls, Illinois, effective within 45 to 60 days after the service date of this order, without filing advanced notice of its intent to suspend essential air service at the community;
4. We set the final rate of compensation for Great Lakes Aviation, Ltd., d/b/a United Express, for the provision of essential air service at Ottumwa, Iowa, and Sterling/Rock Falls, Illinois, as described in Appendix D, for the period from October 1, 1998, until service at Sterling/Rock Falls is terminated, payable as follows: for each month during which essential air service is provided, the amount of compensation shall be subject to the weekly ceiling set forth in Appendix D, and shall be determined by multiplying the subsidy-eligible arrivals and departures completed during the month by \$431.34;⁵
5. We tentatively reselect Great Lakes Aviation, Ltd., d/b/a United Express, to provide essential air service at Ottumwa, Iowa, as described in Appendix D, for the period beginning on the date that service at Sterling/Rock Falls is terminated through March 31, 2001;
6. We tentatively set the final rate of compensation for Great Lakes Aviation, Ltd., d/b/a United Express, for the provision of essential air service at Ottumwa, Iowa, as described in Appendix D, from the date that service at Sterling/Rock Falls is terminated through March 31, 2001, payable as follows: for each month during which essential air service is provided, the amount of compensation shall be subject to the weekly ceiling set forth in Appendix D, and shall be determined by multiplying the subsidy-eligible arrivals and departures completed during the month by \$309.73;⁷
7. We direct Great Lakes Aviation, Ltd., d/b/a United Express, to retain all books, records, and other source and summary documentation to support claims for payment, and to preserve and maintain such documentation in a manner that readily permits its audit and examination by representatives of the Department. Such documentation shall be retained for seven years, or until the Department indicates that the records may be destroyed. Copies of flight logs for aircraft sold or disposed of must be retained. The carrier may forfeit its compensation for any claim that is not supported under the terms of this order;
8. We find that Great Lakes Aviation, Ltd., d/b/a United Express, continues to be fit, willing and able to operate as a commuter air carrier and is capable of providing reliable essential air service at Ottumwa, Iowa, and Sterling/Rock Falls, Illinois;

⁵ See Appendix D for the calculation of this rate, which assumes the use of the aircraft designated. If the carrier reports a significant number of aircraft substitutions, revision of this rate may be required.

9. We direct all interested persons to show cause within 20 days of the date of service of this order why we should not make final the tentative findings and conclusions set forth in paragraph 1 above. Objections should be filed with the Documentary Services Division, C-55, Room **PL-401**, 400 7th Street, S.W., Washington, D.C. 20590;⁶

10. We direct Great Lakes Aviation, Ltd., d/b/a United Express, and any other interested persons having objections to the selection of Great Lakes to provide essential air service as described in ordering paragraphs 2 and 4 above, at the rates set forth in ordering paragraphs 3 and 5 above, to file such objections or competing service proposals no later than 20 days from the date of service of this order;⁷

11. If we receive objections or competing proposals within the 20-day period, Great Lakes will be compensated at the subsidy rates set forth in ordering paragraphs 3 and 5 above as final rates until all objections are resolved;

12. We will afford full consideration to the matters and issues raised in any timely and properly filed objections and service proposals before we take further action.* If no objections or competing service proposals are filed, all further procedural steps will be deemed waived and this order shall become effective on the twenty-first day after its service date;

13. In the event that no objections are file, all further procedural steps will be deemed waived and this order shall become final for such community on the twenty-first day after the date of service of this order;

14. We direct the Federal Aviation Administration to withdraw two tagged slot exemptions when Great Lakes' subsidized service at Sterling/Rock Falls, Illinois, is terminated, and to work with Great Lakes to identify which two slot exemptions will be withdrawn;

15. These dockets will remain open until further order of the Department; and

⁶ In addition, copies of objections may be faxed to the Chief, EAS & Domestic Analysis Division, at (202) 366-7638. All objections should nonetheless be filed with the Documentary Services Division at the above address regardless of whether copies are also faxed.

⁷ Objections should be filed with the Documentary Services Division, SVC-124.1, Room **PL-401**, Department of Transportation, 400 7th Street S.W., Washington, DC 20590. Proposals to provide essential air service should be filed with the Chief, EAS & Domestic Analysis Division, X-53, Office of Aviation Analysis, Room 6417, Department of Transportation, at the same address. Questions regarding filings in response to this order may be directed to Barbara **Badian** at (202) **366-** 1043.

⁸ Since we are providing for the filing of objections to this order, we will not entertain petitions for reconsideration.

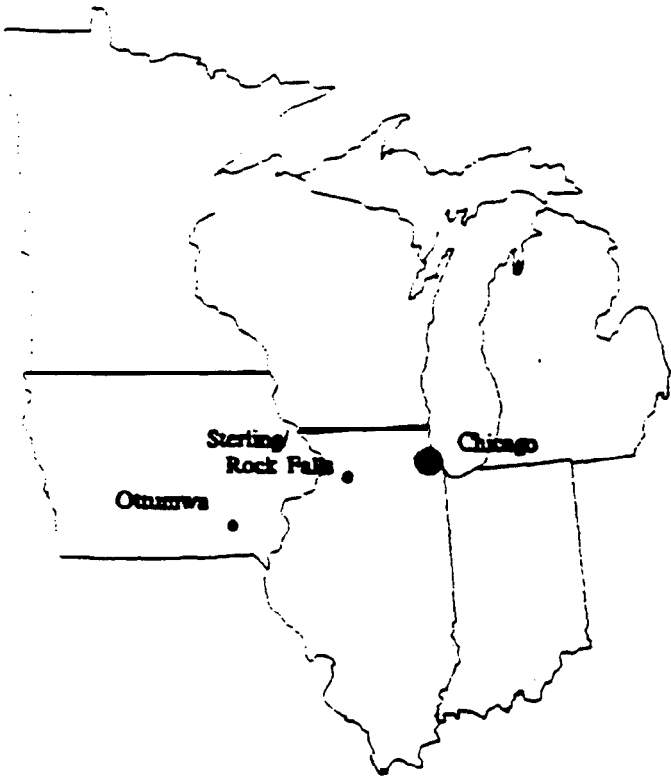
16. We will serve copies of this order on the Mayors and airport managers of Ottumwa, Iowa, and Sterling and Rock Falls, Illinois, the Whiteside County Airport Board, the Iowa and Illinois Departments of Transportation, the Governors of Iowa and Illinois, the Sterling Area Chamber of Commerce, Great Lakes Aviation, Ltd., d/b/a United Express, and the persons listed in Appendix E.

By:

CHARLES A. HUNNICUTT
Assistant Secretary for Aviation
and International Affairs

(SEAL)

*An electronic version of this document is available on the World Wide Web at
http://dms.dot.gov/reports/reports_aviation.asp
The electronic version may not include all of the appendices.*



Great Lakes Aviation, Ltd., d/b/a United Express
Annual Compensation Requirement for Essential Air Service at
Ottumwa, Iowa, and Sterling/Rock Falls, Illinois

Total block hours @ 98% completion	(42.5 + 38 min.) x 4 flts x 313 days x .98/60	1,646
Route: OTM-SQI-ORD		
Subsidy eligible departures/flights	8 x 313 x .98	2,454
Total ASMs @ 98% completion	(150 + 93 mi.) x 4 x 313 x 19 x .98	5,664,874
<u>City Pair</u>	<u>Distance Ave. Fare</u>	<u>Psgrs. RPMs Revenue</u>
OTM-ORD	243 \$85.00	2,250 546,750 \$191,250
SQI-ORD	93 \$70.00	1,000 93,000 \$70,000
Totals — pax, RPMs, passenger revenue		3,250 639,750 \$261,250
Freight revenue @ .62% of psgr. revenue		\$1,620
Total operating revenue		\$262,870

Direct operating expense (Beech 1900):		Expense
Aircraft lease 0.5 aircraft	\$36,000 /mo. x 12 months	\$216,000
Hull insurance 0.5 aircraft	\$4,100,000 aircraft value 0.0005 x 12	\$12,300
Flying operations \$109.20 x	1,646	\$179,743
Fuel & oil 5,664,874 ASMs x	\$0.0107 + \$52.88 x 2,454	\$190,382
Maintenance \$111.86 /BH x	1,646 + \$34.25 x 2,454	\$268,171
Total direct operating expense		\$866,596

Indirect Expense:			
SQI facility lease	12 months	\$600 per month	\$7,200
OTM facility lease	12 months	\$500 per month	\$6,000
SQI and OTM local advertising		\$10,000 per year	\$10,000
Station managers	2 @	\$22,600 per year	\$45,200
Station agents	3 @	\$17,300 per year	\$51,900
SQI deicing charge	154	\$125 per turn	\$19,250
OTM deicing charge	77	\$125 per turn	\$9,625
ORD turn fees	614 turns @	\$216 per turn	\$132,624
Liability insurance	639,750 RPM's @	0.00429 per RPM	\$2,745
Marketing/Reservations	3,250 @	\$10.76 per psgr.	\$34,970
Accounting	3,250 @	\$2.69 per psgr.	\$8,743
Security	3,250 @	\$0.88 per psgr.	\$2,860
Communications	3,250 @	\$1.47 per psgr.	\$4,778
Supplies	3,250 @	\$0.64 per psgr.	\$2,080
Training	3,250 @	0.40 per psgr.	\$1,300
Administrative	\$1,221,807 @	0.03 of oper. expense	\$36,654
Commissions	\$261,250 @	0.061 of psgr. rev.	\$15,936
Total indirect operating expense			\$391,865

Total operating expense	\$1,258,461
Operating loss	\$995,591
Profit element @ 5 percent of total operating expense	\$62,923
Compensation requirement @ 98% completion	\$1,058,514

Great Lakes Aviation, Ltd., d/b/a United Express
Annual Compensation Requirement for Essential Air Service at
Ottumwa, Iowa

Total block hours @ 98% completion	(OTM-BRL, 26.5 min.) x 4 flts x 313 days x .98/60	542
Route: OTM-BRL-ORD		
Subsidy-eligible departures/flights	4 x 313 x .98	1,227
Total ASMs @ 98% completion	OTM-BRL, 73 mi. x 4 x 313 x 19 x .98	1,701,794
<u>City Pair</u>	<u>Distance</u> <u>Ave. Fare</u>	<u>Psgrs.</u> <u>RPMs</u> <u>Revenue</u>
OTM-ORD	243 \$85.00	2,250 546,750 \$191,250
Freight revenue @ .62% of psgr. revenue		\$1,186
Total operating revenue		\$192,436
Direct operating expense (Beech 1900):		Expense
Aircraft lease 0.25 aircraft	\$36,000 /mo. x 12 months	\$108,000
Hull insurance 0.25 aircraft	\$4,100,000 aircraft value 0.0005 x 12	\$6,150
Flying operations \$109.20 x	542	\$59,186
Fuel & oil 1,701,794 ASM's x	\$0.0107 + \$52.88 x 1,227	\$83,093
Maintenance \$111.86 /BH x	542 + \$34.25 x 1,227	\$102,653
Total direct operating expense		~359,082
Indirect Expense:		
OTM facility lease	12 months \$500 per month	\$6,000
OTM local advertising	\$5,000 per year	\$5,000
Station managers	1 @ \$22,600 per year	\$22,600
Station agents	2 @ \$17,300 per year	\$34,600
OTM deicing charge	77 \$125 per turn	\$9~625
BRL Turn Cost	614 \$66 per turn	\$40,524
Liability insurance	546,750 RPM's @ 0.00429 per RPM	\$2,346
Marketing/Reservations	2,250 @ \$1 0.76 per psgr.	\$24,210
Accounting	2,250 @ \$2.69 per psgr.	\$6,053
Security	2,250 @ \$0.88 per psgr.	\$1,980
Communications	2,250 @ \$1.47 per psgr.	\$3,308
Supplies	2,250 @ \$0.64 per psgr.	\$1,440
Training	2,250 @ 0.40 per psgr.	\$900
Administrative	\$529,334 @ 0.03 of oper. expense	\$15,880
Commissions	\$191,250 @ 0.064 of psgr.rev.	\$11,666
Total indirect operating expense		\$186,132
Total operating expense		\$545,214
Operating loss		\$352,778
Profit element @ 5 percent of total operating expense		\$27,261
Compensation requirement @ 98% completion		\$380,039

HISTORICAL ENPLANEMENTS AT
STERLING/ROCK FALLS, ILLINOIS, AND OTTUMWA, IOWA

	<u>Sterling/Rock Falls</u>		<u>Ottumwa</u>	
	<u>No.</u>	<u>Average/day</u>	<u>No.</u>	<u>Average/day</u>
1986	604	1.9	1,249	4.0
1987	596	1.9	1,251	4.0
1988	932	3.0	710	2.3
1989	930	3.0	1,229	3.9
1990	326	1.0	824	2.6
1991	399	1.3	1,342	4.3
1992	770	2.5	1,799	5.7
1993	957	3.1	1,808	5.8
1994	1,168	3.7	1,953	6.2
1995	933	3.0	1,401	4.5
1996	296	0.9	1,055	3.4
1997 ¹	263	1.1	1,038	3.5
1998	487	1.6	1,316	4.2

SOURCE: Bureau of Transportation Statistics, Form 298-C, Schedule T-1, Form T-100. Averages refer to enplanements per service day, based on 313 service days each year.

¹ Service hiatus at Sterling/Rock Falls from May 16 through August 17, 1997, and at Ottumwa from May 16 through June 1, 1997.

**GREAT LAKES AVIATION
ESSENTIAL AIR SERVICE AT
OTTUMWA, IOWA, AND
STERLING/ROCK FALLS, ILLINOIS**

EFFECTIVE PERIOD:	October 1, 1998, until service at Sterling/Rock Falls is terminated, at least 45 days and not later than 60 days after the date of service of this order.	
SERVICE:	To Chicago O'Hare Airport	
MINIMUM FREQUENCY EACH WEEK	Twelve round trips each week between Ottumwa and Chicago (nonstop or one-stop), and twelve round trips each week between Sterling/Rock Falls and Chicago (nonstop)	
AIRCRAFT TYPE:	Beech 1900D	
TIMING OF FLIGHTS:	Flights must be well-timed and well-spaced to ensure full compensation.	
ANNUAL SUBSIDY RATE:	\$1,058,514 This rate assumes an annual completion factor of 98 percent. A compensation ceiling is to be applied per calendar week such that service above that ceiling in one week cannot make up for service shortfalls in another week.	
RATE PER DEPARTURE AND ARRIVAL	\$431.34²	
COMPENSATION CEILING EACH WEEK ^{3, 4}	OTTUMWA	\$10,352.16
	STERLING/ROCK FALLS	\$10,352.16

² Annual compensation of **\$1,058,514** divided by 2,454 arrivals and departures, assuming a 98 percent completion factor, calculated as follows:

4 arrivals/departures at each community each service day x 313 service days x .98 = 1,227

1,227 x 2 = 2,454 total arrivals/departures for both communities

³ Calendar weeks that fall into separate calendar months will be treated as part of the later month for the purpose of calculating both calendar weeks per month and the monthly compensation.

⁴ The subsidy rate per arrival/departure times 24 scheduled subsidy-eligible departures and arrivals each week at each community.

**GREAT LAKES AVIATION
ESSENTIAL AIR SERVICE AT
OTTUMWA, IOWA**

EFFECTIVE PERIOD:	Effective on the date that Great Lakes terminates service at Sterling/Rock Falls through March 31, 2001
SERVICE:	To Chicago O'Hare Airport
MINIMUM FREQUENCY EACH WEEK	Twelve round trips each week between Ottumwa and Chicago (nonstop or one-stop)
AIRCRAFT TYPE:	Beech 1900D
TIMING OF FLIGHTS:	Flights must be well-timed and well-spaced to ensure full compensation.
ANNUAL SUBSIDY RATE:	~380,039 This rate assumes an annual completion factor of 98 percent. A compensation ceiling is to be applied per calendar week such that service above that ceiling in one week cannot make up for service shortfalls in another week.
RATE PER DEPARTURE AND ARRIVAL	\$309.73 ²
COMPENSATION CEILING EACH WEEK^{3, 4}	\$7,433.04

² Annual compensation of \$380,039 divided by 1,227 arrivals and departures, assuming a 98 percent completion factor, calculated as follows:

$$4 \text{ arrivals/departures each service day} \times 313 \text{ service days} \times .98 = 1,227$$

Ottumwa is scheduled to receive two departures to Chicago O'Hare and two arrivals from Chicago O'Hare each weekday and weekend period. Annual compensation of \$380,039 divided by the number of flights scheduled annually calculated by multiplying 4 arrivals/departures per service day times 313 service days times 0.98 completion factor: $\$380,039/1,227 = \309.73 .

³ Calendar weeks that fall into separate calendar months will be treated as part of the later month for the purpose of calculating both calendar weeks per month and the monthly compensation.

⁴ The subsidy rate per arrival/departure times 24 scheduled subsidy-eligible departures and arrivals each week.

N O T E

• The carrier has been notified that it may forfeit its eligibility for compensation for any flights that it does not operate in full conformance with the terms and stipulations of this order, including the service plans outlined in this order and any other significant elements of the required service, without prior approval. The carrier understands that an aircraft take-off and landing at its scheduled destination constitutes a completed flight; absent an explanation supporting subsidy eligibility for a flight that has not been completed, such as certain weather cancellations, only completed flights are considered eligible for subsidy. In addition, if the carrier does not schedule or operate its flights in full conformance with this order for a significant period, it may jeopardize its entire subsidy claim for the period in question. If the carrier contemplates any such changes beyond the scope of this order during the applicable period of this order, it must first notify the Office of Aviation Analysis in writing and receive written approval from the Department to be assured of full compensation. Should circumstances warrant, the Department may locate and select a replacement carrier to provide service on these routes. The carrier must complete all flights that can be safely operated; flights that overfly subsidized points for lack of traffic will not be compensated. In determining whether subsidy payment for a deviating flight should be adjusted or disallowed, the Department will consider the extent to which the goals of the program are met and the extent of access to the national air transportation system provided to the community.

SERVICE LIST FOR THE STATE OF IOWA

Aero Taxi Rockford, Inc.
Air Casino, Inc.
Air Wisconsin, Inc.
AirVantage, Inc.
Allied Airlines, Inc.
Amerijet International, Inc.
Bemidji Airlines
Chicago Air Taxi, Inc.
Chicago Express Airlines, Inc.
Delta Connection
Dwyer Aircraft Sales, Inc.
Enterprise Airlines, Inc.
Falcon Aviation, Inc.
Florida Air, Inc.
Gorda Aero Service, Inc.
Great Lakes Aviation, Ltd.
Heartland Aviation, Inc.
Imperial International, Inc.
Jet Services, Inc.
Mesaba Aviation, Inc.
Metroflight, Inc.
Midway Airlines, Inc.
Midwest Aviation
Midwest Express Airlines, Inc.
Multi Aero, Inc.
Northwest **Airlink**
Ottumwa Flying Service, Inc.
Redwing Airways, Inc.
Scott Aviation, Inc.
Simmons Airlines, Inc.
Thunderbird Aviation, Inc.
Trans North Aviation Ltd.
Trans States Airlines, Inc.
Wise Aviation Company

Chester Anderson
Louis Andrews
Ken **Bannon**
E.B. Freeman
Douglas Gumula
A. Edward Jenner
Dan Katzka
John **McFarlane**
Tracy Schoenrock
Kevin Thomas
Gary L. White
Robert **Wigmore**

SERVICE LIST FOR THE STATE OF ILLINOIS

Aero Taxi Rockford, Inc.
Air Casino, Inc.
Air Wisconsin, Inc.
Allied Airlines, Inc.
American Trans Air, Inc.
Amerijet International, Inc.
Bemidji Airlines
Chicago Air Taxi, Inc.
Chicago Express Airlines, Inc.
Delta Connection
Dwyer Aircraft Sales, Inc.
Florida Air, Inc.
Gorda Aero Service, Inc.
Great Lakes Aviation, Ltd.
Heartland Aviation, Inc.
Jet Services, Inc.
Logansport Flying Service, Inc.
Metroflight, Inc.
Michigan Airways, Inc.
Midway Airlines, Inc.
Midwest Express Airlines, Inc.
Multi Aero, Inc.
Northwest Airlink
Ohio Valley Aviation, Inc.
Pennsylvania Commuter Airlines, Inc.
Planimaster Services Inc.
Redwing Airways, Inc.
Scott Aviation, Inc.
Shawano Flying Service, Inc.
Simmons Airlines, Inc.
Thunderbird Aviation, Inc.
Trans North Aviation Ltd.
Trans States Airlines, Inc.
Welch Aviation, Inc.
Wise Aviation Company

Chester Anderson
Ken Bannon
Jeff Bell
Richard Thomas Clarke
Sabrina Cranor
E.B. Freeman
Douglas Gurnula
A. Edward Jenner
Dan Katzka
John McFarlane
Tracy Schoenrock
Kevin Thomas
Edward Wenz
Gary L. White
Robert Wigmore